

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 741 – HB 822

April 15, 2015

SUMMARY OF ORIGINAL BILL: Authorizes local assessors to tax all leased government property, except for those that pay money in lieu of taxes, when the term of the lease is over thirty years without approval of the local legislative body. Excludes airport authorities and other public entities created by or subject to title 42.

FISCAL IMPACT OF ORIGINAL BILL

Other Fiscal Impact – No fiscal impact to state government. The fiscal impact of this bill on local government is dependent upon multiple unknown factors. As a result, a precise fiscal impact for local government cannot be reasonably determined. However, any such local impact is considered permissive.

SUMMARY OF AMENDMENTS (005082, 006434): Amendment 005082 deletes and rewrites the bill in its entirety. Authorizes Shelby County tax assessor to tax all leased government property, except for those that pay money in lieu of taxes, when the term of the lease is over thirty years without approval of the local legislative body. Excludes airport authorities and other public entities created by or subject to title 42.

Amendment 006434 authorizes taxation of leased government property by local tax assessors as if the lessee was the owner if the terms of the lease allow the lessee to acquire the real property for a nominal sum at or before the end of the lease. Excludes leases negotiated pursuant to with an industrial development corporation and leases negotiated with health, educational and housing facility corporations

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Other Fiscal Impact – No fiscal impact to state government. The fiscal impact of this amended bill on Shelby County is dependent upon specific data not currently available. As a result, a precise fiscal impact for Shelby County cannot be reasonably determined at this time. However, any such impact is permissive.

Assumptions for the bill as amended:

- Based on the information obtained from the Office of the Comptroller, the fiscal impact to state government is estimated to be not significant.

- The Office of the Comptroller further states that no personnel, equipment, or additional supplies would be necessary for local assessors to complete this work, and situations in which lease terms on government properties exceed thirty years are rare.
- The fiscal impact of this amended bill to Shelby County is dependent on multiple unknown factors such as the number of applicable leases that will be entered into following passage of this legislation which are in excess of 30 years, the specific property that will be leased, the timing for which such property is leased, the property tax that would be assessed and collected in the future under the provisions of this legislation relative to the property tax that would be assessed and collected in the future under current law.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

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